

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

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USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

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FM AMEMBASSY BERN

TO SECSTATE WASHDC 3055

INFO AMEMBASSY VIENNA

ZEDSZFCAUCXAMEMBASSY BRUSSELS 1119

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY RUEYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

USDEL MTN GENEVA

USMISSION USUN NEW YORK

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C O N F I D E N T I A L BERN 3721

EO 11652: GDS

TAGS: ENRG SZ

SUBJ: CIEC: SWISS VIEWS ON THE PROSPECTS FOR THE DIALOGUE

REF: STATE 199774

1. SUMMARY: AMBASSADOR JOLLES HAS GIVEN US SWISS VIEWS ON PROSPECTS FOR THE DIALOGUE. THE SWISS SUPPORT USG POSITIONS, ALTHOUGH WITH SOME NUANCES AS TO THE POSITION ON DEBT. THE SWISS BELIEVE THAT UNLESS G-8 CAN GIVE AN INDICATION OF WHAT MEASURES DC'S ARE WILLING TO CONSIDER, RATHER THAN SIMPLY RESTATING WHAT THEY WILL NOT ACCEPT, IT MAY BE DIFFICULT TO SAVE THE DIALOGUE. END SUMMARY.

2. IN THE COURSE OF THE CONVERSATION IN WHICH JOLLES SHARE WITH US THE FIRST REPORT OF THE SWISS DELEGATION AT COLOMBO ON CIEC-RELATED MATTERS (SEPTTEL) HE ALSO GAVE US SWISS VIEWS ON PROSPECTS FOR THE DIALOGUE AND ON THE QUESTIONS ON WHICH AGREEMENT COULD NOT BE REACHED IN JULY.

3. THE SWISS FULLY SUPPORT MACEACHEN AND HIS EFFORTS TO FIND A WAY OUT OF THE IMPASSE. THEIR ASSESSMENT OF LDC MOTIVES AND PROSPECTS FOR RESUMPTION OF THE DIALOGUE IS ESSENTIALLY THE SAME AS OURS (STATE 199774).

4. THE SWISS ARE AS ADAMANTLY OPPOSED TO INDEXATION OF OIL AND COMMODITY PRICES AS WE ARE.

5. ON DEBT, JOLLES SAID THE SWISS ARE IMPRESSED BY THE VOLUME OUTSTANDING, AND THE IMPACT SO LARGE A VOLUME IS LIKELY TO HAVE ON THE ABILITY OF SOME LDC'S TO MAINTAIN THE MOMENTUM OF DEVELOPMENT AND THE LEVEL OF IMPORTS REQUIRED TO SUSTAIN THAT MOMENTUM. THE SWISS ARE, THEREFORE, OPEN TO SUGGESTIONS AS TO HOW FINANCIAL MEASURES MIGHT BE EMPLOYED TO ACHIEVE THESE GOALS.

6. ON THE OTHER HAND, THE SWISS ARE FINANCIAL CONSERVATIVES
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AND AS SUCH ARE OPPOSED TO AUTOMATIC OR GENERALIZED DEBT RELIEF. FURTHERMORE, IT IS JOLLES' PERSONAL VIEW, WHICH HE BELIEVES WILL PREVAIL, THAT IT ILL-BEHOOVES THE SWISS TO DO ANYTHING TO UNDERCUT THE POSITION OF THE MAJOR CREDITORS OF THE LDC'S WHEN SO LITTLE LDC DEBT IS OWED TO SWITZERLAND.

7. THE SWISS ARE CONCERNED THAT THE EFFORTS

TO FIND A WAY OUT OF THE JULY IMPASSE, AND THE DIALOGUE ITSELF, COULD FAIL UNLESS THE G-8 COUNTRIES FIND A WAY IN WHICH TO TAKE A MORE POSITIVE STANCE. HE AGREES THAT IT IS ESSENTIAL NOT TO MISLEAD THE LDC'S OR RAISE FALSE HOPES. BUT HE ARGUED THAT UNLESS THE G-8 COUNTRIES CAN INDICATE MORE CLEARLY WHAT THEY ARE PREPARED TO DO, THE SUPPORT OF THE MODERATES LDC'S FOR THE DIALOGUE MAY BE LOST. WHAT THE SWISS HAVE IN MIND IS THE DEVELOPMENT OF A NEGOTIATING FILE. THEY ARE NOT SUGGESTING UNILATERAL CONCESSIONS. THE LDC'S SHOULD BE ASKED, FOR EXAMPLE, FOR IMPROVED INVESTMENT GUARANTEES, OR, IN THE FIELD OF TRADE, TO DISCONTINUE PRACTICES WHICH IN MANY CASES ARE CONTRARY NOT ONLY TO DC INTERESTS BUT THEIR OWN AS WELL.

8. JOLLES CONTINUES TO PRESS FOR BETTER COORDINATION OF DC POSITIONS ON ISSUES, SUCH AS THOSE RELATED TO COMMODITIES, WHICH WILL BE ON THE INTERNATIONAL AGENDA, WITHIN OR OUTSIDE OF THE DIALOGUE, FOR THE FORESEEABLE FUTURE.

9. WITH THESE POINTS IN MIND, JOLLES SAID HE WELCOMED THE VAN LENNEP INITIATIVE OF SUGGESTING THAT A SMALL GROUP BE CONVENED IN PARIS IN MID-SEPTEMBER TO REVIEW THE SITUATION. HE SAID HE WOULD CONTINUE TO PRESS FOR BETTER COORDINATION OF DC POSITIONS IN THE XCSS.
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